

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton; and  
Tony Hammond

Competitive Product Prices  
Priority Mail Express Contract 23 (MC2015-16)  
Negotiated Service Agreement

Docket No. CP2015-20

ORDER APPROVING AMENDMENT TO A  
PRIORITY MAIL EXPRESS NEGOTIATED SERVICE AGREEMENT

(Issued July 5, 2016)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail Express negotiated service agreement.<sup>1</sup> For the reasons discussed below, the Commission approves the Amendment.

In Order No. 2296, the Commission approved the Priority Mail Express Contract 23 negotiated service agreement (Existing Agreement).<sup>2</sup> On July 1, 2016, the Postal Service filed notice that it has agreed to the Amendment to the Existing Agreement.

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<sup>1</sup> Notice of United States Postal Service of Amendment to Priority Mail Express Contract 23, with Portions Filed Under Seal, July 1, 2016 (Notice). The amendment is an attachment to the Notice (Amendment).

<sup>2</sup> See Docket Nos. MC2015-16 and CP2015-20, Order Adding Priority Mail Express Contract 23 to the Competitive Product List, December 19, 2014 (Order No. 2296).

The Amendment makes changes to the preamble, Sections I.B., I.C., and I.E., and adds a new Section I.L to the Existing Agreement. Notice, Attachment A at 1. The Amendment changes the customer's name, the description of the Priority Mail Express packages under consideration, the method of manifesting, and the description of the Priority Mail Express packages under consideration for the volume commitment. The Amendment also adds a new section concerning marketplace and third party rate extensions. *Id.* Attachment A at 1-2. In all other respects, the Existing Agreement remains unchanged.

The Notice states that the amendment will not have a material effect on the Existing Agreement's cost coverage. Notice at 1. The Postal Service intends for the Amendment to become effective two business days after the date the Commission completes its review of the filing. *Id.*

## II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

*Cost considerations.* The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Amendment does not materially affect the cost coverage or compliance with existing regulatory requirements for the Existing Agreement. The Commission finds that the Existing Agreement, as amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

*Other considerations.* The Postal Service states that the Amendment shall become effective two business days after the date that the Commission completes its review. Notice at 1. The Existing Agreement, as amended, is to expire three years after the initial effective date unless, among other things, either party terminates the contract with 30 days' written notice to the other party or it is renewed by mutual agreement.<sup>3</sup>

If the Existing Agreement, as amended, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

### III. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves the Priority Mail Express Contract 23 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the scheduled expiration date.

By the Commission.

Ruth Ann Abrams  
Acting Secretary

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<sup>3</sup> See Order No. 2296 at 5. Should both parties agree to renew the agreement, any such renewal is required to follow the requirements of 39 U.S.C. § 3633 and the Commission's implementing regulations of 39 C.F.R. part 3015.